

PERIODIC REPORT ON THE NATIONAL EMERGENCY  
WITH RESPECT TO SIGNIFICANT NARCOTICS TRAF-  
FICKERS CENTERED IN COLOMBIA

---

MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY  
WITH RESPECT TO SIGNIFICANT NARCOTICS TRAFFICKERS CEN-  
TERED IN COLOMBIA THAT WAS DECLARED IN EXECUTIVE  
ORDER 12978 OF OCTOBER 21, 1995, PURSUANT TO 50 U.S.C.  
1641(c) AND 50 U.S.C. 1703(c)



OCTOBER 17, 2001.—Message and accompanying papers referred to the  
Committee on International Relations and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

99-011

WASHINGTON : 2001



*To the Congress of the United States:*

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to significant narcotics traffickers centered in Colombia that was declared in Executive Order 12978 of October 21, 1995.

GEORGE W. BUSH.

THE WHITE HOUSE, *October 16, 2001.*



PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH  
RESPECT TO SIGNIFICANT NARCOTICS TRAFFICERS CENTERED IN  
COLOMBIA

I hereby report to the Congress on developments over the course of the past six months concerning the national emergency with respect to significant narcotics traffickers centered in Colombia that was declared in Executive Order 12978 of October 21, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c) based upon information made available to me. Sanctions imposed against significant narcotics traffickers centered in Colombia pursuant to Executive Order 12978 are separate from, and independent of, sanctions imposed pursuant to the Foreign Narcotics Kingpin Designation Act (Pub. L. 106-120, Title VIII). This report covers sanctions imposed and persons named as specially designated narcotics traffickers ("SDNTs") pursuant to Executive Order 12978, but does not cover those persons identified pursuant to the Foreign Narcotics Kingpin Designation Act, which are addressed in a separate report as provided in that Act.

1. On May 30, 2001, the Treasury Department's Office of Foreign Assets Control ("OFAC") amended the appendices to 31 C.F.R. chapter V (66 *Fed. Reg.* 29229) by adding the names of twenty-seven individuals and three entities determined to play a significant role in international narcotics trafficking centered in Colombia or to materially assist in, or provide financial or technological support for or goods or services in support of, other SDNTs or to be owned or controlled by, or to act for or on behalf of, other SDNTs.

Additions and deletions to the list of SDNTs during the life of the program have brought it to a total of 578 names (comprised of ten principals, 231 entities, and 337 individuals). These are persons or entities with whom financial and business dealings are prohibited and whose assets are blocked under Executive Order 12978. The list of SDNTs now includes kingpins, associates, and businesses from Colombia's Cali, North Valle, and North Coast drug cartels.

2. As of August 30, 2001, OFAC had issued seven licenses during the current reporting period. Four licenses were issued for the release of blocked funds upon determination that there was no property interest of an SDNT involved. Three licenses were issued in accordance with established Treasury policy authorizing the receipt and payment of legal gas fees for representation of SDNTs and certain administrative transactions.

OFAC has disseminated and routinely updated details of this program to the financial, securities, and international trade communities by both electronic and conventional media. This included bulletins to banking institutions via the Federal Reserve System and the Clearing House Interbank Payments System (CHIPS). The

same material is also provided to the U.S. Embassy in Bogota for distribution to U.S. companies operating in Columbia.

3. During the reporting period, as of August 31, 2001, six financial transactions totaling approximately \$95,000 were reported to OFAC as having been blocked. Since my last report, OFAC has collected one civil monetary penalty in the amount of \$2.5 million from a U.S. company for violations of the Narcotics Trafficking Sanctions Regulations, 31 CFR Part 536. A second penalty proceeding is pending against another U.S. company for dealing in property in which an SDNT has an interest.

4. The narcotics trafficking sanctions have had a significant impact on the Colombian drug cartels, with some being forced out of business and others suffering financially. Of the 231 business entities designated as SDNT as of August 24, 2001, more than 60, with an estimated annual aggregate income of more than \$230 million, have been liquidated or are in the process of liquidation. As a result of OFAC designations, Colombian banks have closed SDNT accounts in large numbers. SDNTs are isolated financially and commercially from both the Colombian and U.S. business communities. The cooperation of the Colombian governmental authorities and the Colombian financial and business sectors contributes significantly to the impact these sanctions are having on the designated business entities of the drug cartels.

5. The expenses incurred by the Federal Government in the six-month period from April 21, 2001, through October 20, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to SDNTs are estimated at more than \$1 million. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of foreign Assets Control, the U.S. Customs Service, and the Office of the General counsel), the Department of Justice, and the Department of State. These data do not reflect certain costs of operations by the intelligence and law enforcement communities.

6. Executive Order 12978 provides the Government of the United States with a tool for combating the actions of significant foreign narcotics traffickers centered in Colombia and the unparalleled violence, corruption, and harm that such actions cause in the United States and abroad. The order is designed to deny these traffickers the benefit of any assets subject to the jurisdiction of the United States and the benefit of trade with the United States by preventing U.S. persons from engaging in any commercial dealings with them, their front companies, and their agents. Executive Order 12978 and its associated SDNT list demonstrate the United States' commitment to end the damage that such traffickers wreak upon society in the United States and abroad. The SDNT list will continue to be expanded to include additional Colombian drug trafficking organizations and their fronts, as appropriate. The magnitude and the dimension of the problem in Colombia—perhaps the most pivotal country of all in terms of the world's cocaine trade—are extremely grave. I shall continue to exercise the powers at my disposal to apply economic sanctions against significant foreign narcotics traffickers and their violent and corrupting activities as long as these measures are appropriate, and will continue to report

periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

